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Christmas Shopping: 2006 in Review

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Christmas Shopping: 2006 in Review

Joseph Patrick Dunlavy, Distributive Trades Division

Summary

December has traditionally been the most important month for retailers in Canada and 2006 was no exception. The Christmas season can be a make or break time of year for many types of store but this is particularly true for shoe, clothing accessories and jewellery stores as well as home electronics and appliances stores.

For these types of stores, sales in December 2006 represented more than double their average monthly sales over the rest of the months.

Retail trade is one of the rare industries in Canada that operates in every city and town in Canada from the large nationwide retailers to the small corner store. It provides jobs to many Canadians, almost as many as manufacturing in 2006. Employment data from the Labour Force Survey (LFS) give another indication of how important the end of the year is to the shopping season. As with previous years, employment trended up to higher amounts in the November and December period.

Overall, Canadian shoppers spent a total of $28.7 billion in retail stores last December, excluding the automotive sector.

Retail sales for the month of December 2006 grew at a rate of 6.2% compared to December 2005, once trading days and seasonal factors are taken into account using seasonally adjusted data. This is the highest December to December growth in the non-auto retail sector from since 1997.

On a per capita basis nationally, Canadian consumers spent $874 each in December 2006, well above the monthly average of $630 for the other months of the year.

Once again in 2006,[1] shoppers in Alberta led the way in December spending per capita in retail stores. Consumers and businesses in Alberta spent about $1,113 per capita in retail stores, followed closely by shoppers and businesses in the Northwest Territories and Yukon who spent over $1,000 per capita.

Per capita December retail sales in Ontario were below the national average for the second consecutive year in 2006. For the first time since these data have been available (1991), Saskatchewan did not have the lowest per capita retail sales among provinces and territories. That distinction went to Quebec, with $791.

Two eastern provinces topped the list for the increase in December sales over an average of the previous eleven months in 2006. Sales increased by 47.5% in Newfoundland and Labrador and by 44.6% in Nova Scotia.

For 2006, nearly a third of all retail purchases in Canada occurred in the Toronto, Montreal and Vancouver Census Metropolitan Areas (CMAs). Shopping patterns in the three CMAs were not identical. While home electronics and appliances stores had the largest December boost over other months in Toronto and Vancouver, beer, wine and liquor stores had the largest boost in Montreal.

December does not have the same importance for all types of retailers. For some, it is one of their lowest sales months of the year. Home centres and hardware stores December sales were only 7.0% of their annual sales in 2006 and specialized building material and garden stores only had 6.8% of their annual sales in December.

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1. See Jane Lin, "Christmas Shopping: A Provincial Perspective", *Analysis in Brief*, Statistics Canada Catalogue no. 11-621-MIE-2005034, 2005, http://www.statcan.ca/english/research/11-621-MIE/11-621-MIE2005034.htm (accessed November 1, 2007).

This study analyzes December retail sales nationally as well as by province and for the three largest CMAs in Canada using data from the Monthly Retail Trade Survey to identify how consumption patterns varied across the country.

December 2006 retail sales in Canada: another boost

December has traditionally been the most important month for retailers in Canada and 2006 was no exception. The $28.7 billion in retail sales[2] in the last month of the year represented 11.2% of the total in 2006.

Table 1 Monthly retail sales and their share for the year, excluding the auto sector, Canada, 2006

	Monthly retail sales	Share of monthly retail sales (excluding the auto sector)
	$ billions	%
January	17.3	6.8
February	16.6	6.5
March	19.4	7.6
April	20.2	7.9
May	22.0	8.6
June	22.3	8.7
July	21.8	8.5
August	22.1	8.6
September	22.0	8.6
October	21.3	8.3
November	22.2	8.7
December	28.7	11.2
Total	**255.9**	**100.0**

Note: Components might not add up to the total due to rounding.
Source: Statistics Canada, Monthly Retail Trade Survey.

Total retail sales excluding the auto sector in Canada have trended upwards over the last few years. However, movements within a year observed over a long term period, sometimes called seasonal effects, have roughly stayed the same in 2006 as previous years for the total sales. Although seasonality varies by type of store, as in a typical year, 2006 started off with slow total sales after the Christmas boost of 2005, followed by an increase in the late spring, plateauing until the next December boost.

2. Retail Sales data from the Monthly Retail Trade Survey presented in this study are not adjusted for seasonality, unless specified.

Retail sales from new car dealerships, used and recreational motor vehicles and parts dealers, as well as gasoline stations, are excluded from this study. They accounted for 34.3% of retail trade in 2006.

Retail trade important throughout Canada

Retail trade is one of the rare industries in Canada that operates in every city and town in Canada from the large nationwide retailers to the small corner store. It provides jobs to many Canadians, almost as many as manufacturing in 2006. The December boost in retail trade is not just seen in the level of retail sales. As in previous years, employment data from the LFS in the retail trade sector have trended upwards at the end of 2006 with November and December showing the highest levels for the year.

Table 2 Monthly employment in retail trade sector, Canada, 2006

	Employment in retail trade sector
	thousands
January	1,987
February	1,970
March	1,975
April	2,001
May	2,032
June	2,012
July	2,033
August	2,029
September	2,026
October	2,044
November	2,092
December	2,083

Note: Numbers include the retail sales auto sector.
Source: Statistics Canada, Labour Force Survey.

The importance of retail trade activities were also reflected in the retail trade sectors' increased share in the nation's total gross domestic product (GDP). In 2006, the retail sector contributed about 6.0% of GDP. Also, it was the second largest employer in Canada, accounting for 12.3% of total employment, only behind the manufacturing sector. Approximately 56,000 additional workers were added in that sector in 2006, the biggest yearly increase among all industries.

Shoe, clothing accessories and jewellery stores experienced largest December boost

Shoe, clothing accessories and jewellery stores reported the strongest sales gains in the month of December. Sales made by this trade group more than doubled compared to the average month in the rest of the year in 2006. Home electronics and appliance stores also experienced a boost of this order of magnitude. Coming close to doubling their sales in December were sporting goods, hobby, music and book stores as well as clothing stores. All four types of stores sell traditional Christmas shopping goods.

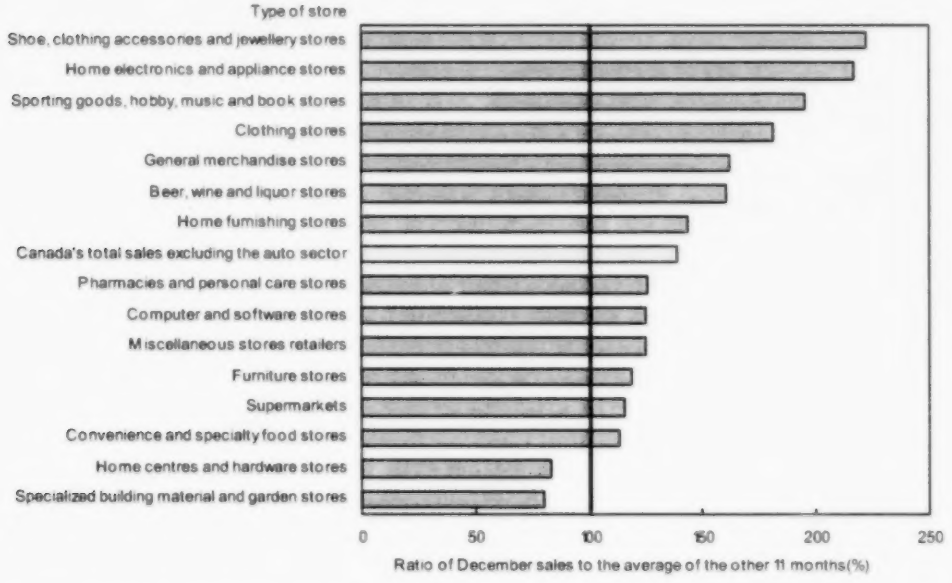
Within the shoe, clothing accessories and jewellery stores sector, it is jewellery, luggage and leather goods stores for which December is most important. Sales in this type of store in December were more than three times sales in an average month of the January to November period.

Not all retailers benefited from the Christmas purchasing boost. Home centres and hardware stores, as well as specialized building material and garden stores, actually saw their December share of sales fall in comparison to the average of the rest of the months. Home centres and hardware stores December sales were 7.0% of their total annual sales while specialized building material and garden stores only reached 6.8% of their annual sales in December 2006.

Even if supermarkets, convenience and specialty food stores do not seem to benefit much from this festive period of the year, sales of beer, wine, and liquor stores climbed significantly. They reached a level 60% higher than the average of the other months of the year.

General merchandisers, with sales of $6.0 billion accounting for almost 21% of total sales, kept their slice of the Christmas pie in 2006. They saw their December sales increase by 1.6 times compared to the average of the other months of the year.

Chart 1 December retail sales boost more important to some retailers than others



Source: Statistics Canada, CANSIM table 080-0014.

Albertans still top list in December spending

Fuelled by strong growth in retail sales, Albertans spent the most per capita of any other province in Canada in December 2006. Each Albertan spent an average of $1,113, well above the national average of $874. Shoe, clothing accessories and jewellery store sales were up more than two and a half times in December over the average January to November period in Alberta, although this represents only 3.8% of total December retail sales. General merchandise stores represented 20.6% of total retail sales in December. These types of stores experienced a 59.4% increase over the average 11-month period between January and November.

Table 3 Per capita retail sales by province and territory, average month and December 2006

	Per capita retail sales (excluding automotive sector)	
	December 2006	Average of the other 11 months of 2006
	$	
Alberta	1,113	787
Northwest Territories	1,052	794
Yukon	1,027	785
Nova Scotia	920	637
British Columbia	915	656
Newfoundland and Labrador	880	597
Canada	**874**	**630**
Ontario	855	598
New Brunswick	850	603
Nunavut	817	687
Manitoba	815	592
Prince Edward Island	812	608
Saskatchewan	802	573
Quebec	791	614

Source: Statistics Canada, Monthly Retail Trade Survey.

Until 2006, Saskatchewan had the lowest level of per capita retail sales among all provinces and territories since the beginning of the data series (1991). Fuelled by 26.3% growth in sales from sporting goods, hobby, music and books stores and a 18.5% growth in sales in home electronics and appliance stores, Saskatchewan per capita sales moved just ahead those of Quebec in 2006.

Ontario sales per capita were lower than the average for Canada in 2006 for the second year in a row. Before that, Ontario had been above the national average since 1991.

Nova Scotia edged out British Columbia for fourth spot in per capita retail sales in December 2006. December year over year sales increase from furniture stores (+25.5%) and pharmacies and personal care stores (+19.0%) helped push the east coast province up a position in per capita sales increase compared to 2004.

Two eastern provinces topped the list for strongest December increase

Newfoundland and Labrador had the highest increase among all provinces and territories in total retail sales in December, followed by Nova Scotia. Retail sales were up 47.5% over an average of the previous eleven months in Newfoundland and Labrador. Nova Scotia had the second highest increase in total retail spending in December at 44.6% over the average month from January to November.

Table 4 Total retail sales by province and territory, 2006

	Retail sales (excluding automotive sector)		
	December 2006	Average of the other 11 months of 2006	Difference
	$ thousands		%
Newfoundland and Labrador	447,666	303,467	47.5
Nova Scotia	859,937	594,905	44.6
Ontario	10,892,316	7,616,770	43.0
Alberta	3,819,446	2,698,800	41.5
New Brunswick	636,700	451,629	41.0
Saskatchewan	793,962	567,625	39.9
British Columbia	3,979,765	2,854,303	39.4
Canada	28,674,594	20,658,380	38.8
Manitoba	962,019	698,845	37.7
Prince Edward Island	112,125	84,002	33.5
Northwest Territories	44,532	33,599	32.5
Yukon	31,816	24,311	30.9
Quebec	6,069,366	4,709,146	28.9
Nunavut	24,941	20,978	18.9

Source: Statistics Canada, Monthly Retail Trade Survey.

Overall, December retail sales in Newfoundland and Labrador accounted for 11.8% of sales for the year. Many categories in Newfoundland and Labrador experienced large increases in December. Following the national trend, sales from shoe, clothing accessories and jewellery stores had the highest boost at 2.8 times higher in December than the average month. Sales from clothing stores, sporting goods, hobby, music and book stores, and home electronics and appliance stores were all at least twice as high in the month of December.

Nova Scotia stores increased sales from shoe, clothing accessories and jewellery stores, which were almost three times the 11-month average in 2006. Overall retail sales in December in Nova Scotia represented 11.6% of annual retail sales for the year.

Canada's three biggest cities account for almost a third of retail sales

For 2006, nearly a third of all retail purchases in Canada occurred in the Toronto, Montreal and Vancouver CMAs. The three cities accounted for $81.0 billion or 31.7% of all retail purchases nationwide. The December boost in these CMAs helped to bring up the overall provincial retail sales in December. Moreover, shopping patterns in the three cities were not identical.

Table 5 December retail sales and ratio to previous eleven months by type of stores and the three largest cities in Canada, 2006

	December retail sales					
	Toronto		Montreal		Vancouver	
	$ millions	%[1]	$ millions	%[1]	$ millions	%[1]
Total retail excluding auto sector	**4,333.2**	**46.9**	**2,942.6**	**30.0**	**1,862.7**	**40.8**
Home electronics and appliance stores	321.6	140.3	162.7	108.5	159.3	103.0
Shoe, clothing accessories and jewellery stores	196.7	104.4	102.8	89.7	68.8	100.9
Clothing stores	522.6	93.0	255.2	61.2	183.4	81.4
Sporting goods, hobby, music and book stores	209.5	86.1	152.6	75.7	94.5	76.5
Beer, wine and liquor stores	360.0	83.5	141.6	125.1	81.1	78.9
General merchandise stores	804.9	61.6	486.4	54.0	305.9	57.5
Home furnishings stores	115.8	57.9	65.6	56.0	59.9	65.7
Computer and software stores	21.9	34.6	20.5	33.4	10.0	15.2
Convenience and specialty food stores	93.5	22.5	143.6	-0.2	56.9	15.0
Pharmacies and personal care stores	410.7	21.7	384.9	19.6	178.0	44.5
Furniture stores	149.8	19.8	139.0	8.5	68.0	14.0
Supermarkets	747.0	16.7	608.6	10.7	439.5	18.4
Composite trade group[2]	379.2	1.5	279.0	-8.7	157.4	-6.1

Notes: Components might not add to total due to rounding.
Not all 18 categories of type of stores are presented because of confidentiality.

1. The percentage represents the relative difference in December sales compared to the average of the 11 other months.
2. Combination of "Home centres and hardware stores", "Specialized building material and garden stores", and "Miscellaneous stores retailers".

Source: Statistics Canada, Monthly Retail Trade Survey.

December sales highest in Toronto

Of the three large cities in this study, December sales as a percentage of total retail sales were the highest in Toronto. December sales over the average of the other months was 46.9% higher.

Overwhelmingly, the retailers with the largest boost in December 2006 in Toronto were those in the home electronics and appliance stores category, which sold 2.4 times the dollar value of the average January to November period. The next highest category was shoe, clothing accessories and jewellery stores with double the sales in December. Clothing stores, sporting goods, hobby,

music and book stores and beer, wine and liquor stores also experienced elevated sales in December, although to a lesser extent.

The December spike in Ontario outside of Toronto was similar, although increases in sales in December were different for some retailers. Shoe, clothing accessories and jewellery stores and sporting goods, hobby, music and book stores experienced a stronger December sales boost outside Toronto. By contrast, beer, wine and liquor stores and home furnishing stores experienced less of a boost in the rest of Ontario than in Toronto.

December boost in retail not as strong in Montreal

Montreal retail sales experienced less of the boost that is usually associated with the last month of the year in Canada. Of the total retail sales in Montreal, 10.6% took place in the final month, only 30.0% higher than the average of the 11 other months.

In Montreal, beer, wine and liquor stores and home electronics and appliance stores had more than twice the amount of sales in December than occurred on average in the previous eleven months. These stores topped the list for biggest December increases.

For the rest of Quebec, the December spike was even lower than Montreal. This implies that sales in Montreal help to boost the overall provincial average. Only home electronics and appliance stores had twice the average amount in December in the rest of Quebec.

Vancouver similar to the other parts of British Columbia

The CMA of Vancouver followed national trends more closely than did Montreal, with home electronics and appliance stores posting the largest gain in December, 2006. December retail sales in Vancouver were 11.3% of the annual total in 2006, a 40.8% increase compared with the average of the other months of the year.

Shoppers in Vancouver increased their purchases in December at home electronics and appliance stores, which were twice as high as the average month in the rest of 2006. The only other category where sales were twice as high in December was shoe, clothing accessories and jewellery stores. Outside of Vancouver, sales within these two categories of retailers were also high in December along with sales from sporting goods, hobby, music, and book stores, which experienced sales more than twice the amount of the average month.

A word on the Territories

Per capita retail sales in the Yukon and Northwest Territories were well above the national average, just behind Alberta. On average, both Territories showed per capita retail sales of over $1,000 last December.

Nunavut is the only Territory with per capita December spending lower than the national average. The strength in total retail spending in December is also the lowest of all provinces and territories together, 10 percentage points behind that of province of Quebec. The December increases were only 18.9% for Nunavut but 28.9% for Quebec while Newfoundland and Labrador topped the list with 47.5%.

Data sources and methods

This study is using data from the Monthly Retail Trade Survey (MRTS) to analyze December retail sales. The MRTS surveys retail establishments across various geographical locations in Canada including all provinces and territories. In this study, retail sales from new car dealers, used recreational motor vehicle and parts dealers, and gasoline stations are excluded except where mentioned specifically. Starting in 2004, data has become available for the CMAs of Toronto, Montreal and Vancouver.

This study uses seasonally unadjusted data unless otherwise specified.

The data is also classified into 18 major trade groups which can be aggregated into 8 retail sectors. These groups are based on the 2002 North American Industry Classification System (NAICS).

Retail sales from 'non-store retailers', such as vending machines, or retailers that primarily use the internet are not in scope for the MRTS, and are not included in this analysis.

Estimates of population used for per capita calculations sourced from the preliminary post-censal population estimates for January in *Quarterly Demographic Statistics*. For this study, the estimate for January 1st for each province is use for December per capita calculations as well as per capita calculations for the average of the other eleven months.